

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Nanci E. Langley, Vice Chairman;
Mark Acton; and
Robert G. Taub

Woodstock Post Office
Woodstock, Minnesota 56186

Docket No. A2012-33

ORDER AFFIRMING DETERMINATION

(Issued January 27, 2012)

I. INTRODUCTION

On December 15, 2011, the Postal Service advised the Commission that it “will delay the closing or consolidation of any Post Office until May 15, 2012”.¹ The Postal Service further indicated that it “will proceed with the discontinuance process for any Post Office in which a Final Determination was already posted as of December 12, 2011, including all pending appeals.” *Id.* It stated that the only “Post Offices” subject to closing prior to May 16, 2012 are those that were not in operation on, and for which a Final Determination was posted as of, December 12, 2011. *Id.* It affirmed that it “will not close or consolidate any other Post Office prior to May 16, 2012.” *Id.* at 2. Lastly,

¹ United States Postal Service Notice of Status of the Moratorium on Post Office Discontinuance Actions, December 15, 2011, at 1 (Notice).

the Postal Service requested the Commission “to continue adjudicating appeals as provided in the 120-day decisional schedule for each proceeding.” *Id.*

The Postal Service’s Notice outlines the parameters of its newly announced discontinuance policy. Pursuant to the Postal Service’s request, the Commission will fulfill its appellate responsibilities under 39 U.S.C. § 404(d)(5).

On October 25, 2011, Carl E. Gearhart (Petitioner Gearhart) filed a petition with the Commission seeking review of the Postal Service’s Final Determination to close the Woodstock, Minnesota post office (Woodstock post office).² An additional petition for review was received on the same day from New Life Treatment Center (Petitioner New Life).³ Another petition was received from a group calling themselves “Citizens and Business Owners of Woodstock” (Petitioner Citizens and Business Owners of Woodstock Group) on November 3, 2011.⁴ In addition, a Participant Statement was submitted by the “Citizens of Woodstock” on November 28, 2011.⁵ The Final Determination to close the Woodstock post office is affirmed.

II. PROCEDURAL HISTORY

On October 31, 2011, the Commission established Docket No. A2012-33 to consider the appeal, designated a Public Representative, and directed the Postal Service to file its Administrative Record and any responsive pleadings.⁶

² Petition for Review received from Carl E. Gearhart regarding the Woodstock, Minnesota Post Office 56186, October 25, 2011 (Petition).

³ Petition for Review received from New Life Treatment Center regarding the Woodstock, Minnesota Post Office 56186, October 25, 2011 (New Life Petition)

⁴ Petition for Review received from Citizens and Business Owners of Woodstock regarding the Woodstock, Minnesota Post Office 56186, November 3, 2011 (Citizens and Business Owners of Woodstock Group Petition).

⁵ Participant Statement received from Citizens of Woodstock regarding the Woodstock, Minnesota Post Office 56186, November 28, 2011 (Participant Statement).

⁶ Order No. 939, Notice and Order Accepting Appeal and Establishing Procedural Schedule, October 31, 2011.

On November 9, 2011, the Postal Service filed the Administrative Record with the Commission.⁷ The Postal Service also filed comments requesting that the Commission affirm its Final Determination.⁸

Petitioner Citizens of Woodstock Group filed a participant statement supporting their Petition.⁹ On November 30, 2011, the Public Representative filed a reply brief.¹⁰

III. BACKGROUND

The Woodstock post office provides retail postal services and service to 34 post office box customers. Final Determination at 2. No delivery customers are served through this office. *Id.* The Woodstock post office, an EAS-53 level facility, provides retail service from 10:45 a.m. to 3:15 p.m., Monday through Friday, and 10:15 a.m. to 11:15 a.m. on Saturday. *Id.* Lobby access hours are also 10:45 a.m. to 3:15 p.m., Monday through Friday, and 10:15 a.m. to 11:15 a.m. on Saturday. *Id.*

The postmaster position became vacant on May 27, 2005, when the postmaster retired. *Id.* A non-career officer-in-charge (OIC) was installed to operate the office. *Id.* at 2, 5. Retail transactions average 28 transactions daily (27 minutes of retail workload). *Id.* at 2. Office receipts for the last 3 years were \$16,613 in FY 2008; \$18,134 in FY 2009; and \$16,460 in FY 2010. *Id.* There is one permit or postage meter customer. *Id.* By closing this office, the Postal Service anticipates savings of \$19,672 annually. *Id.* at 5.

⁷ The Administrative Record is attached to the United States Postal Service Notice of Filing, November 9, 2011 (Administrative Record). The Administrative Record includes, as Item No. 47, the Final Determination to Close the Woodstock, MN Post Office and Extend Service by Rural Route Service (Final Determination).

⁸ United States Postal Service Comments Regarding Appeal, December 19, 2011 (Postal Service Comments).

⁹ Participant Statement received from Citizens of Woodstock, Minnesota, November 28, 2011 (Participant Statement).

¹⁰ Reply Comments of the Public Representative, November 30, 2011 (PR Reply Comments).

After the closure, retail services will be provided by the Lake Wilson post office located approximately 7 miles away.¹¹ Delivery service will be provided by rural route service through the Lake Wilson post office. *Id.* at 2. The Lake Wilson post office is an EAS-13 level office, with retail hours of 8:15 a.m. to 11:30 a.m. and 12:30 p.m. to 3:45 p.m., Monday through Friday, and 8:15 a.m. to 9:00 p.m. on Saturday. *Id.* There are 58 post office boxes available at the Lake Wilson post office. *Id.* The Postal Service will continue to use the Woodstock name and ZIP Code. *Id.* at 5.

IV. PARTICIPANT PLEADINGS

Petitioners. Petitioners oppose the closure of the Woodstock post office. Petitioners argue that they spend a considerable sum of money mailing packages at the Woodstock post office and will seek to ship with another service if the post office is closed. Petition at 1; Citizens of Woodstock Group Petition at 2-5. Petitioner Gearhart questions whether the economic savings are accurate. Petition at 1.

Petitioner New Life argues that the Postal Service could save more money by reducing staff in large cities than by closing small post offices. New Life Petition at 1. New Life pleads for a moratorium on rural post office closings so the Postal Service can better evaluate their financial situation and the effect that closing 3,700 post offices would have in small communities. The Citizens of Woodstock Group argues that closing the post office could have a negative economic impact on their community, the economic savings were not analyzed correctly, and service would be affected. *Id.* at 1-2; Participant Statement at 1-4.

Postal Service. The Postal Service argues that the Commission should affirm its determination to close the Woodstock post office. Postal Service Comments at 2. The Postal Service believes the appeal raises four main issues: (1) the effect on postal services, (2) the impact upon the Woodstock community, (3) the economic savings

¹¹ *Id.* at 2. MapQuest estimates the driving distance between the Woodstock and Lake Wilson post offices to be approximately 9.3 miles (12 minutes driving time).

expected to result from discontinuing the Woodstock post office, and (4) the effect on employees. *Id.* at 2. The Postal Service asserts that it has given these and other statutory issues serious consideration and concludes that the determination to discontinue the Woodstock post office should be affirmed. *Id.*

The Postal Service explains that its decision to close the Woodstock post office was based on several factors, including:

- the postmaster vacancy;
- a minimal workload;
- minimal low office revenue;
- a variety of other delivery and retail options (including the convenience of rural delivery and retail service);
- little recent growth in the area;
- minimal impact on the community; and
- expected financial savings.

Id. at 4. The Postal Service contends that it will continue to provide regular and effective postal services to the Woodstock community when the Final Determination is implemented. *Id.* at 4-5.

The Postal Service also asserts that it has followed all statutorily required procedures and has addressed the concerns raised by petitioners regarding the effect on postal services, effect on the Woodstock community, economic savings, and effect on postal employees. *Id.* at 12.

Public Representative. The Public Representative contends that the Postal Service has adequately considered all requirements of 39 U.S.C. § 404(d), and advises that the determination to close the Woodstock post office be affirmed. PR Reply Comments at 5-6.

V. COMMISSION ANALYSIS

The Commission's authority to review post office closings is provided by 39 U.S.C. § 404(d)(5). That section requires the Commission to review the Postal

Service's determination to close or consolidate a post office on the basis of the record that was before the Postal Service. The Commission is empowered by section 404(d)(5) to set aside any determination, findings, and conclusions that it finds to be (a) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law; (b) without observance of procedure required by law; or (c) unsupported by substantial evidence in the record. Should the Commission set aside any such determination, findings, or conclusions, it may remand the entire matter to the Postal Service for further consideration. Section 404(d)(5) does not, however, authorize the Commission to modify the Postal Service's determination by substituting its judgment for that of the Postal Service.

A. Notice to Customers

Section 404(d)(1) requires that, prior to making a determination to close any post office, the Postal Service must provide notice of its intent to close. Notice must be given 60 days before the proposed closure date to ensure that patrons have an opportunity to present their views regarding the closing. The Postal Service may not take any action to close a post office until 60 days after its determination is made available to persons served by that post office. 39 U.S.C. § 404(d)(4). A decision to close a post office may be appealed within 30 days after the determination is made available to persons served by the post office. *Id.* § 404(d)(5).

The record indicates the Postal Service took the following steps in providing notice of its intent to close. On June 3, 2011, the Postal Service distributed questionnaires to customers regarding the possible change in service at the Woodstock post office. Final Determination at 2. A total of 171 questionnaires were distributed or handed out at the retail counter to customers. *Id.* A total of 49 questionnaires were returned. *Id.* On June 15, 2011, the Postal Service held a community meeting at Woodstock City Hall to address customer concerns. *Id.* A total of 18 customers attended. *Id.*

The Postal Service posted the proposal to close the Woodstock post office with an invitation for comments at the Woodstock and Lake Wilson post offices from June 29, 2011 through August 30, 2011. *Id.* at 2. The Final Determination was posted at the same two post offices from September 30, 2011 through November 1, 2011.

Administrative Record, Item No. 49.

The Postal Service has satisfied the notice requirements of 39 U.S.C. § 404(d).

B. Other Statutory Considerations

In making a determination on whether or not to close a post office, the Postal Service must consider the following factors: (1) the effect on the community; (2) the effect on postal employees; (3) whether a maximum degree of effective and regular postal service will be provided; and (4) the economic savings to the Postal Service. 39 U.S.C. § 404(d)(2)(A).

Effect on the community. Woodstock, Minnesota is an unincorporated community located in Pipestone County, Minnesota. Administrative Record, Item No. 16. The community is administered politically by the City of Woodstock. *Id.* Police protection is provided by Pipestone County Sheriff. *Id.* Fire protection is provided by the Woodstock Fire Department. *Id.* The community is comprised of farmers, retirees, self-employed and those who work in local businesses or commute to work in nearby communities. *Id.* Residents may travel to nearby communities for other supplies and services. *See generally* Administrative Record, Item No. 22 (returned customer questionnaires and Postal Service response letters).

As a general matter, the Postal Service solicits input from the community by distributing questionnaires to customers and holding a community meeting. The Postal Service met with members of the Woodstock community and solicited input from the community with questionnaires. In response to the Postal Service's proposal to close the Woodstock post office, customers raised concerns regarding the effect of the closure on the community and postal services. Their concerns and the Postal Service's responses are summarized in the Final Determination. Final Determination at 1-6.

Participants raise the issue of whether the closing of the Woodstock post office will harm the economic interests of the Woodstock community. Citizens of Woodstock Group Statement at 1-2. The Postal Service argues that it considered this issue in formulating its final determination. Postal Service Comments at 8-9; Final Determination at 5. The Postal Service also notes that it will assist in preserving the community's identity by continuing the use of the Woodstock name and ZIP Code in addresses. Postal Service Comments at 8-9.

The Postal Service has adequately considered the effect of the post office closing on the community as required by 39 U.S.C. § 404(d)(2)(A)(i).

Effect on employees. The Postal Service states that the Woodstock postmaster retired on May 27, 2005 and that an OIC has operated the Woodstock post office since then. Final Determination at 2. It asserts that after the Final Determination is implemented, the temporary OIC will either be reassigned or separated and that no other Postal Service employee will be adversely affected. *Id.* at 5.

The Postal Service has considered the possible effects of the post office closing on the OIC and has satisfied its obligation to consider the effect of the closing on employees at the Woodstock post office as required by 39 U.S.C. § 404(d)(2)(A)(ii).

Effective and regular service. The Postal Service contends that it has considered the effect the closing will have on postal services provided to Woodstock customers. Postal Service Comments at 5-7. It asserts that customers of the closed Woodstock post office may obtain retail services at the Lake Wilson post office located 7 miles away. Final Determination at 6. Delivery service will be provided by rural route carrier through the Lake Wilson post office. *Id.* The Woodstock post office box customers may obtain Post Office Box Service at the Lake Wilson post office, which has 58 boxes available. *Id.* at 2.

For customers choosing not to travel to the Lake Wilson post office, the Postal Service explains that retail services will be available from the carrier. Postal Service Comments at 6. The Postal Service adds that it is not necessary to meet the carrier for service since most transactions do not require meeting the carrier at the mailbox. *Id.*

The Petitioners are concerned with the effect the closing would have on their convenience and the importance of having a post office in Woodstock. Citizens and Business Owners of Woodstock Group Petition at 1-2; New Life Petition at 1-2; Gearhart Petition at 1; Participant Statement at 1-3. The Postal Service responds that courteous and helpful service will continue to be provided at the Lake Wilson post office as well as from the carrier. Postal Service Comments at 5-7.

Petitioners are concerned with the Woodstock community having to ship and receive large parcels without the Woodstock post office. Participant Statement at 2. The Postal Service notes that rural carriers will deliver packages that fit in a customer's rural mail box, and customers can contact the Lake Wilson post office for carrier pickup. Postal Service Comments at 7.

The Postal Service has considered the issues raised by customers concerning effective and regular service as required by 39 U.S.C. § 404(d)(2)(A)(iii).

Economic savings. The Postal Service estimates total annual savings of \$19,672. Final Determination at 5. It derives this figure by summing the following costs: postmaster salary and benefits (\$19,251) and annual lease costs (\$4,934) minus the cost of replacement service (\$4,513). *Id.*

Petitioners contend that the savings that will be achieved by discontinuing the Woodstock post office are insignificant. Citizens and Business Owners of Woodstock Group Petition at 1-2; Participant Statement at 1-3. The Postal Service argues that while the cost savings may seem insignificant, it is significant to the overall cost reduction focus of the Postal Service and its plans to operate more efficiently while providing effective and regular service. Postal Service Comments at 10.

Petitioners contend the Postal Service has not adequately considered the economic savings from closing the Woodstock post office since their calculations were based upon the salary and benefits of a postmaster. Petition at 1; Participant Statement at 3.

The Commission has previously observed that the Postal Service should include in its estimate of savings those costs likely to be eliminated by the closing. The

Woodstock post office postmaster retired on May 27, 2005. Final Determination at 2. The post office has since been staffed by a non-career OIC who, upon discontinuance of the post office, may be separated from the Postal Service or reassigned. Postal Service Comments at 2. The postmaster position and the corresponding salary will be eliminated. See, e.g., Docket No. A2011-67, United States Postal Service Comments Regarding Appeal, October 24, 2011, at 13; and Docket No. A2011-68, United States Postal Service Comments Regarding Appeal, November 2, 2011, at 10. Furthermore, notwithstanding that the Woodstock post office has been staffed by an OIC for approximately seven years, even assuming the use of the presumably lower OIC salary, the Postal Service would have satisfied the requirements of section 404(d)(2)(A)(iv).

The Postal Service has satisfied the requirement that it consider economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv).

Section 101(b). Section 101(b) prohibits closing any small post office solely for operating at a deficit. The Citizens of Woodstock Group appears to allege that the Postal Service is closing the Woodstock post office solely for economic reasons. Participant Statement at 3.

To be sure, economics plays a role in the Postal Service's decision. However, the Commission is not prepared to conclude that the Postal Service's determination violates section 101(b). In addition to considering workload at the Woodstock post office (revenues declining and averaging only 28 retail transactions per day), the Postal Service took into account other factors such as the postmaster vacancy, the minimal impact on the community, and expected financial savings. In addition, it considered the alternate delivery and retail options available to customers. Final Determination at 1-6.

The Postal Service did not violate the prohibition in section 101(b) on closing the Woodstock post office solely for operating at a deficit.

VI. CONCLUSION

The Postal Service has adequately considered the requirements of 39 U.S.C. § 404(d). Accordingly, the Postal Service's determination to close the Woodstock post office is affirmed.

It is ordered:

The Postal Service's determination to close the Woodstock, Minnesota post office is affirmed.

By the Commission.

Ruth Ann Abrams
Acting Secretary

DISSENTING OPINION OF CHAIRMAN GOLDWAY

The Administrative Record is inaccurate with regard to economic savings. As such, the Postal Service has not adequately considered economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv).

The Postal Service argues that savings should be calculated based on a full-time postmaster's salary. Yet the Woodstock post office has been operated by a noncareer officer-in-charge (OIC) since the former postmaster retired on May 27, 2005. On the one hand, the Postal Service argues that the effect on employees of this closing will be minimal because only a noncareer OIC will be eliminated; yet on the other hand, it argues that the savings should be calculated using a full-time postmaster position. This position has been filled by an OIC for more than six years; to suggest that the Postal Service now plans to install a fulltime postmaster at this location stretches the bounds of credulity.

The Postal Service already claims billions of dollars in savings from reducing labor costs. I believe the savings from substituting OICs in postmaster positions throughout the nation have already been included in those billions. There are inherent and blatant contradictions in the record that must be corrected on remand.

It is not the statutory responsibility of the Commission to correct the Administrative Record for the Postal Service and certainly not to make its own surmise about what and/or whether there would be savings if accurate data was in the Administrative Record. Therefore, the decision to close should be remanded to the Postal Service to correct the record and present a more considered evaluation of potential savings.

Additionally, the Administrative Record indicates that the administrative replacement office in Lake Wilson is approximately seven miles away. Actually, the driving distance to the Lake Wilson office is approximately 9.3 miles, over 32 percent further.

The Administrative Record describes stable revenue over the last three years. This increase in revenue affirms the Petitioner's argument that the Postal Service did not adequately consider the impact on the community, and contradicts the Postal Service's list of reasons to consider closing the post office which includes a statement that there is declining revenue. Interest in the use of the mail in a community and the potential for growth should be considered as part of both the economic impact and the impact on the community. Therefore, the Postal Service did not adequately consider the impact of the closure on the community as required by 39 U.S.C. § 404(d)(2)(A)(i).

The Postal Service recently announced a moratorium on post office closings. It is confusing and perhaps unfair to require some citizens whose post offices have received a discontinuance notice as of December 12, 2011 to gather evidence and pursue an appeal to the Commission, while others whose post offices were in the review process, but had not yet received a discontinuance notice by December 12, 2011 have the respite of a 5-month moratorium.

The citizens of Woodstock, Minnesota and their concerns regarding the loss of a neighborhood post office should be afforded the same opportunity to be heard and considered as the citizens of the approximately 3,700 post offices fully covered by the moratorium.

Ruth Y. Goldway

DISSENTING OPINION OF VICE CHAIRMAN LANGLEY

The Postal Service did not adequately consider the economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service should take into consideration that a non-career postmaster relief (PMR) has been in charge of this facility since May 2005, not an EAS-53 postmaster, and reflect the PMR's salary and benefits in its cost savings analysis. As a government entity, the Postal Service should ensure that its cost/benefit analysis accurately identifies capturable cost savings and does not overstate savings.

I find that the Postal Service's decision to discontinue operations at the Woodstock post office is unsupported by evidence on the record and thus, should be remanded.

Nanci E. Langley